

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Annual Compliance Report, 2015

Docket No. ACR2015

COMMISSION INFORMATION REQUEST NO. 1

(Issued September 27, 2016)

To ensure compliance with the Commission's chapter 6 directive in the Fiscal Year (FY) 2015 Annual Compliance Determination (ACD), the Postal Service is requested to provide a written method to measure, track, and record the cost and service performance issues for each of the six pinch points described in the directive. The response should be provided within 60 days of this request. The Commission will host an off-the-record technical conference within 30 days of this request, before the Postal Service files its response. At the technical conference, the Postal Service will provide a presentation discussing the status of its proposed method to measure, track, and report cost and service performance issues for each pinch point.

On March 28, 2016, the Commission issued its Annual Compliance Determination Report.<sup>1</sup> The FY 2015 ACD included a chapter dedicated to cost and service compliance issues related to flat-shaped mailpieces (flats). FY 2015 ACD at 160-182. The majority of chapter 6 was devoted to outlining flats cost and service issues broken into six "pinch points" or problem areas. The purpose behind the flats chapter and accompanying directive was to have the Postal Service develop a plan for each pinch point leveraging its existing data to measure and solve the problems with flats cost and service performance and have the Postal Service look at how it could use additional data to support its plan and increase visibility into these issues.

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<sup>1</sup> Annual Compliance Determination, March 28, 2016 (FY 2015 ACD).

The Commission directed the Postal Service to provide a “method to measure, track, and report the cost and service performance issues relating to the individual pinch point at the most granular level practicable.” *Id.* at 181. As part of this directive, the Commission set forth four bullet points which described specific information required as part of the report. *Id.* Further, the Postal Service was directed to provide an explanation with examples “for each pinch point the Postal Service contends is not measurable using existing data systems” along with a “detailed description of the type of data collection/modifications to existing systems that would be required and associated costs.” *Id.*

The main directive required the Postal Service to identify a method to measure, track, and report the cost and service performance issues for each pinch point. On July 26, 2016, the Postal Service provided a response to the Commission’s directive that did not provide a method to measure, track, and report the cost and service performance issues for each pinch point.<sup>2</sup> Without a plan to measure, track, and report these issues, the Postal Service has not complied with the Commission’s directive.

Accordingly, the Commission redirects the Postal Service to provide a method to measure, track, and report the cost and service performance issues for each pinch point for flats with supporting workpapers. For example, the Postal Service is to provide a method to measure the cost and service performance issues of manual sortation, pinch point number 3. The method for quantitatively measuring the cost of manual sortation necessitates workpapers. Further, the Postal Service is to provide a quantitative method to track how the cost and service performance issues of manual sortation are changing over time, which necessitates workpapers. Finally, the Postal Service is to provide a quantitative method to report how the cost and service performance issues of manual sortation are changing over time, which may necessitate workpapers.

The response to the directive shall be provided within 60 days of this request. The Postal Service shall provide a separate plan for both cost improvements and

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<sup>2</sup> Third Response of the United States Postal Service to Commission Requests for Additional Information in the FY 2015 Annual Compliance Determination, July 26, 2016.

service performance improvements for each pinch point as described in the initial directive. As the requested information set forth in bullet points was intended to be included under the Postal Service's method to measure, track, and report the cost and service performance issues for each pinch point, the Postal Service shall revise its response on those issues accordingly.

Should the Postal Service believe any requested information to be confidential, *e.g.*, information concerning new types of data systems/modifications to data systems or facility-level data, it may elect to file said information under seal in accordance with Commission rules.

By the Commission.

Ruth Ann Abrams  
Acting Secretary